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# Valmont Industries, Inc. (VMI)

## D.A. Davidson Diversified Industrials & Services Conference

# CORPORATE PARTICIPANTS

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# MANAGEMENT DISCUSSION SECTION

## Garik Shmois

*Analyst, D.A. Davidson & Co.*

Hi, everyone. Welcome to the Valmont Industries presentation. I'm Garik Shmois. I'm an industrials analyst here at D.A. Davidson. And we're pleased to have the Valmont team. With us, we have their CFO, John Schwietz; we have Renee Campbell, Senior Vice President, Capital Markets, Risk and Treasurer; and we have Casey Meyer, VP, Treasury and Investor Relations.

They will do a presentation and then afterwards, we have plenty of time for Q&A. So, feel free if you have any questions, certainly we'll offer audience participation. But if you do want to email me questions that I could read off, I'm at gshmois – G-S-H-M-O-I-S – @dadco.com. With that, I'll turn it over to Renee, who will get us started.

## Renee L. Campbell

*Treasurer & Senior Vice President-Capital Markets & Risk, Valmont Industries, Inc.*

Awesome. Thanks, Garik. Thank you very much, everyone, for having us today. Thanks, D.A. Davidson. I know that some of you that are joining us may not be as familiar with Valmont. So, we wanted to just walk you through a brief presentation to help with that understanding. So, quickly, a reminder that our presentation and discussion today is subject to our disclosure on forward-looking statements, which is outlined here on the slide.

So, with that, who is Valmont? Well, I'll start by sharing that we are celebrating our 80th anniversary as a company this year. Valmont's story began in 1946 in Valley, Nebraska, which is just outside of Omaha, and it is still home to our largest facility in our manufacturing footprint today.

In the early days, our founder, Robert Daugherty, saw an opportunity to help farmers become more productive. And in 1954, Valmont founded the mechanized irrigation industry with the center pivot and we remain the market leader today. From there, we really built on our expertise in steel forming and manufacturing. And in the 1960s, we expanded irrigation and tubing into tapered light poles, which really laid the foundation for what has now become a much bigger Infrastructure business.

We became a public company in 1968 and began expanding internationally, both organically and also through acquisitions, that added new capabilities and geographic reach. And we think that history matters because the Valmont of today was really built around our core strengths and our core values. We excel at solving difficult problems for our customers. We also engineer products for very demanding applications, and we manufacture reliably at scale. And over time, those capabilities have really given us leading positions in irrigation and infrastructure markets with very durable demand drivers.

So, today, Valmont is about $4.1 billion in revenue. That was in 2025. And we're between $9 billion and $10 billion in market cap. The most important takeaway, I think, from this slide is the shape of the company and how well it really aligns with the opportunities in front of us. Infrastructure now represents about 75% of sales, and that segment generated adjusted operating margins of 17.3% last year. Agriculture represents the other 25% of sales. And while that market has been at a cyclical low for the past few years, we do hold a global leadership position with the Valley brand. And this really gives us a solid foundation to improve the consistency and quality of earnings through the cycle.

At the enterprise level, North America is about 75% or three-quarters of our revenue, which gives us significant exposure to the strong Utility investment cycle, which I'll touch on a little bit more in a few minutes. We've really improved the earnings power of Valmont significantly over the past several years, and we believe we're still in the early stages of realizing our full potential.

Our portfolio is aligned with durable global needs and secular growth drivers, such as more power, more connectivity, more resilient infrastructure, and greater productivity from limited resources. So, starting with power, after decades of pretty flat electricity demand, load growth is expected to more than double over the next five years and likely beyond that.

Data centers and AI are certainly important drivers, but the demand is really broader than that. It also reflects onshoring, industrial expansion, electrification, and the need to connect new sources of generation to the grid. So, our transmission and distribution and substation solutions, along with our telecom solutions, really help move that power and information where it needs to go.

More than 70% of the US grid is over 25 years old, and so utilities are also investing in resiliency and ways to replace those aging assets and improving reliability. So, our engineered structures and Coatings solutions also support that work and our Lighting and Transportation products help modernize other essential Infrastructure.

And then, in Agriculture, the challenge is really producing more food with the same amount of land and the same amount of water and energy and labor. Protein demand is expected to increase about 20% by 2035. So, our irrigation systems, our center pivots and linears, and our technology help growers improve yields while using fewer inputs. And it's clear that these markets provide a very strong backdrop, but we also know that demand alone does not create earnings. Our ability to execute is what we believe differentiates us, and we're highly focused to do just that.

So, how are we doing that? Well, our customers operate in pretty mission-critical environments where delays or failures can be extremely costly. And they need confidence or trust that a supplier or a partner can really solve either the engineering challenge or the manufacturing at scale challenge and deliver a quality product when promised. And that's really a lot of the value that Valmont provides, and it starts with our commercial relationships.

So, one example in Infrastructure, we have really deep technical expertise and long-standing partnerships with many of the leading utilities. And those relationships also help give us early visibility into projects and standards and changing requirements. In Agriculture, we have a network of more than 600 dealer locations, and that really gives us unmatched proximity to growers and also supports the equipment throughout its life.

Engineering is a very – another very important differentiator. We have more than 40 years of utility structures engineering experience. Every project can involve different soil conditions, different wind loads, resiliency requirements, choices of material like steel or concrete, and our teams really know how to work through that complexity and develop the right solution in an efficient way.

And finally, we do have a scaled global manufacturing footprint and also integrated capabilities that are difficult to replicate at scale. And it supports cost efficiency, but it also allows us to reliably deliver these large complex projects because we have that flexibility.

So, when you put it all together, it's our commercial teams that are understanding the need of our customers, our engineers are solving for it, and our operations deliver at scale. And it really is that whole system that helps us win in the marketplace. And the result of that is trust, and trust is really central to how we do win and grow.

So, I just want to touch briefly on this slide. This kind of shows how those capabilities that I just described really translate across our portfolio. So, within Infrastructure, North America Utility is our largest business with nearly $1.5 billion of sales in 2025, and it is our primary growth engine over the next several years. And we just had an Investor Day back in June where we outlined the path to that. We serve transmission, distribution, and substation applications, and that really places us at the center of the grid investment cycle.

And then, our Coatings business also participates in that growth opportunity. It was about $236 million of revenue last year. That's really just custom sales. Our Coatings business also supports our internal needs as well, and both of those businesses really are benefiting from similar market drivers like grid investment, data centers, et cetera.

And then, the rest of Infrastructure provides diversification and opportunities to improve performance. So, North America Lighting and Transportation, about $500 million of sales last year, Telecom just under $300 million, and then we have about a $600 million International Infrastructure business that kind of encompasses all of the products that we offer.

And then, Agriculture was about $1 billion, just under $1 billion of sales last year. So, that business, again, is primarily center pivots, linears, corners, but we also have a strong aftermarket parts business. We also have tubing products, and then a growing portfolio of technology solutions.

So, this overall diversification, we believe, has really served us well over the years and helped us remain resilient through market cycles. And at the same time, we're very clear about the direction that we want to take each of these businesses. We're investing to capture growth in Utility. We're applying greater commercial and operating discipline across both segments to improve margins and returns.

So, before I turn it over to John, I just want to go a little double click deeper on the Utility opportunity in front of us. Here is where you can really see the scale and visibility of that opportunity. Utilities in this country expect to invest about $1.4 trillion through 2030. And nearly half of that spending relates to transmission, distribution, and substation, which, as I said, are the areas where we play.

Within that broader capital plan, we estimate a cumulative $53 billion serviceable market for the structures and solutions that we provide. We then narrow that to a $6.7 billion Valmont-specific pipeline through 2029. This pipeline is really informed to us by our customers. They have long planning cycles. We have that visibility that they share with us through our alliance relationships and partnerships. And we work with customers very early in the engineering and planning process, which, again, helps us understand what they expect to build and what they will need, and it's that pipeline that helps give us confidence in the opportunity ahead.

So, coupled with our very deep customer relationships, we expect this demand to support North America Utility sales of about $2.5 billion by the end of 2029. That represents about a 13% annual growth rate, about $1 billion of incremental revenue from where we are in 2025. And I think just the last important point that I will make is these drivers really go beyond 2030. Some of the drivers that I mentioned earlier really do create a long runway for continued investment over time.

So, with that, I will turn it over to John to walk us through the financials.

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### John L. Schwietz

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

Thank you, Renee. So, at Valmont, we see a clear and achievable path towards delivering $35 in EPS by the end of 2029. As compared to earnings per share in 2025, that represents a compound annual growth rate of 16.4%. This outlook is based only on organic initiatives that are already underway. The underlying drivers in our businesses are very durable. And although the projection goes through 2029, as Renee mentioned, the opportunity horizon stretches far into the next decade.

Each of Valmont's businesses has a role to drive value creation in this path to $35 of EPS. Our primary driver is capturing above market growth in the Utility business. We see approximately $1 billion of incremental sales potential by capturing the demand in this Utility super cycle. We consider this growth driver to be our most significant opportunity, and this contributes approximately $10 of incremental EPS to our outlook. Although relatively smaller, the Coatings business is also in this value driver.

Our second value driver is strengthen to unlock efficiency and performance. This includes opportunities in our broader Infrastructure portfolio, which includes lighting, traffic, telecommunications, and international businesses. Here, we intend to build a stronger and more scalable business through strategic commercial initiatives and cost reductions. In Agriculture, we are driving aftermarket parts growth, increasing technology product penetration, and developing emerging markets.

Altogether, we expect these strengthen efforts to contribute $300 million of incremental sales. That's about $200 million of incremental sales from the broader Infrastructure portfolio and $100 million of incremental sales from Agriculture. After taking into account an unfavorable tax normalization impact of $1 of EPS, we expect a net $4 of incremental EPS in this value driver.

And finally, our third value driver is enable through disciplined resource allocation, which is optimization of capital and resources to the highest return opportunities, including advancing disciplined share repurchases. We expect a further $2 of incremental EPS from these enable initiatives. Collectively, these initiatives support our long-term outlook of approximately $5.4 billion in sales and $35 of EPS by the end of 2029.

Altogether, we believe Valmont is exceptionally well positioned for long-term value creation. By the end of 2029, we expect approximately $5.4 billion of sales, operating margins of 17%, earnings per share of roughly $35, and

ROIC expanding to approximately 21%. Those targets reflect our strong confidence in both the underlying market opportunities and our ability to execute operationally.

What gives us conviction is the combination of strong Utility market fundamentals, disciplined capital allocation, robust cash generation, and a strong balance sheet. Our capital allocation framework remains highly disciplined and balanced. At a high level, we are allocating operating cash flow across two broad priorities, growing the business and returning cash to shareholders. Last year, we allocated capital equally between both priorities.

Looking ahead, our primary focus is investing in high-return organic opportunities. We are increasing capital expenditures because we see highly attractive opportunities to expand utility capacity and throughput. In this business, we are seeing over $1 of annualized revenue for every $1 of CapEx deployed, we're seeing strong returns on invested capital, and accelerated payback time horizons. Our second priority is returning excess capital to shareholders through programmatic share repurchases. We are continuing to execute on our most recent $700 million repurchase authorization.

Finally, M&A continues to be important for us. We pursue acquisition opportunities which have a clear and strategic fit, targets that are within our core businesses or in adjacencies where we have clear and established rights to win. Any M&A must meet strict financial criteria, including EPS accretion and attractive ROIC thresholds. We expect to generate substantial financial capacity between 2026 and 2029 that will provide us with strategic flexibility.

We project approximately $2.5 billion of operating cash flow generation over that period. We anticipate investing approximately $1 billion into capital expenditures, primarily for capacity expansion and Utility manufacturing. After accounting for these capital expenditures, we expect to generate around $1.5 billion of free cash flow throughout this period. Combined with our existing debt capacity, this creates approximately $2.7 billion of capital deployment capacity. That capacity supports multiple priorities simultaneously – growth investments, shareholder returns, and strategic flexibility.

We expect strong earnings growth and strong cash generation to reinforce each other, to create a powerful compounding effect for our shareholders. Today, you've heard why Valmont is in – why the opportunity at Valmont is meaningful. Most importantly, how Valmont converts durable demand into shareholder value. We have leadership positions in essential markets. We have cultivated strong customer relationships, relationships built over decades. We have deep engineering capabilities while operating at scale to deliver when reliability matters to the customers.

Our capture, strengthen, and enable framework allows us to maximize those advantages. This is the system behind our path to $35 of EPS by 2029 and our ability to keep compounding well beyond this. And this remains our primary objective, creating durable, long-term shareholder value. Thank you for your time. And we're happy to take questions.

# QUESTION AND ANSWER SECTION

**Garik Shmois**
*Analyst, D.A. Davidson & Co.*

Q

Great. Thank you for that wonderful presentation. I guess I'll kick it off. Big theme in a number of the meetings I've been sitting in on is costs, given what's happening with freight and raw materials. Wondering if you could speak to your ability to absorb costs, what are some levers that you have, and what is the typical ability to price against costs?

**John L. Schwietz**
*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

Yes. Well, thank you for the question and thanks for having us. So, costs are increasing across the board. So, as we look for our – at our key input costs, steel HRC is up about 40% year-to-date, zinc is up about 35% year-to-date, diesel's up about 85% year-to-date. So, this is not an uncommon dynamic for our business. So, we're managing these fluctuations often.

Within our pricing in our contracts with our alliance customers, we have escalators and de-escalators around these key inputs. We reprice based on these indices and these inputs on a quarterly basis, so we're pretty effective in being able to pass on the costs that we see increasing. That being said, there's a bit of a lag in timing, so we usually see costs impact the P&L or changes in cost impact the P&L about two quarters from now, and while the simultaneous improvement in pricing or change in pricing is usually about four quarters out. So, there's about a two quarter lag.

And in periods of increasing costs, that creates some short-term headwinds. And of course, that reverses when costs are going down. So, right now, we are managing through some short-term headwinds on the cost side, but this is not an uncommon dynamic. And for the long term, it's very positive.

**Garik Shmois**
*Analyst, D.A. Davidson & Co.*

Q

Okay. You've spoken to a long-term planning horizon and even upside potential beyond 2029 in the visibility that you have. I was hoping if you could maybe just unpack the visibility that you have a little bit more detail, maybe both near term and long term, what you're hearing from customers?

**Renee L. Campbell**
*Treasurer & Senior Vice President-Capital Markets & Risk, Valmont Industries, Inc.*

A

Yeah, sure. So, our visibility, as you kind of heard me mention in the presentation, remains very strong. So, you saw that $1.4 trillion number that utilities are investing, that's up from $1.1 trillion not that long ago. Another recent data point that I saw was that public utility CapEx for this year has increased 22% over last year, and that's on top of, I think, about a 20% increase from the prior year. So, we have visibility to public information, investor-owned utility information. But I think, more importantly, we also leverage that close relationship we have with so many of our customers.

So, you've heard us talk about our alliance customers, the alliance relationships that we have, working with those utilities and those customers really closely, understanding their multi-year plans. They are planning along with us or we're planning along with them, I'll say, working on engineering solutions even in advance to understand what they're going to need. These are projects in the tens of millions of dollars. So, they may not be going into our backlog right away, but through those relationships that we have, we know that we have that visibility. We know that that will be coming. And that's the beauty of those relationships, we can reserve a certain amount of capacity for that, they commit to a certain amount of volume as well.

And all of that is being driven by what I described earlier. Certainly, data centers and AI are piece of it. But as I mentioned, it's electrification in general that's driving load growth. And there's also this whole idea of resiliency. With climate becoming so much more volatile, utilities in some cases even have separate CapEx budgets just dedicated for hardening. And we have steel, we have concrete, we have some composite solutions that can really help with that, and we see we see opportunity there. That alliance arrangement that I mentioned is also what gives us confidence to that $6.7 billion pipeline that I mentioned a few minutes ago, too.

So, we're really comfortable with the visibility across that planning period. We talk to our customers all the time. Those relationships really do help us understand what their priorities are. And then, of course, we do participate competitively in the bid market. And they – all of those plans, we're, again, working with our close relationships with our customers to understand what their plans are. And coupled with all of that, is really what gives us confidence that's driving the capacity increases that John mentioned.

**Garik Shmois**
*Analyst, D.A. Davidson & Co.*
Q

Yes. Great. As Utility continues to grow across different categories, transmission, distribution, substations, just how you thinking about the mix of the growth? And how does the mix variance perhaps influence margin expansion?

**Casey Meyer**
*Vice President-Treasury & Investor Relations, Valmont Industries, Inc.*
A

Yeah. So, I'll take the first part of that question...

**Garik Shmois**
*Analyst, D.A. Davidson & Co.*
Q

Okay.

**Casey Meyer**
*Vice President-Treasury & Investor Relations, Valmont Industries, Inc.*
A

...with where we see the growth. So, we do see the largest amount of growth coming from substation, just because the size of substations continues to grow. So, what we're used to see as substations being in a couple $100,000 per substation, those have jumped up into the millions. So, it's not uncommon to see substations in the $1 million to $3 million per substation. As you get into those larger substations, there's just a lot less competition. So, we're one of the few that can provide substations at that scale and complexity.

Now, switching from an absolute dollar perspective, transmission is the biggest piece of our portfolio in that space. So, we do see the most dollars coming from transmission, and expect to continue to maintain, if not grow, our market share in that space.

**John L. Schwietz**
*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*
A

Okay.

**Casey Meyer**
*Vice President-Treasury & Investor Relations, Valmont Industries, Inc.*
A

And then, followed by distribution. So, it is the smallest piece of that portfolio, mostly because we compete against wood structures. So, as utilities invest in resiliency, we expect to gain additional market share. But out of the three, we expect smaller growth in that space. John, you want to touch on the margin?

**John L. Schwietz**
*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*
A

Sure. From a margin perspective, so we report margins at the Infrastructure segment level and we don't break it out by product line, but what I can say is that Utility margins are certainly accretive to Infrastructure margins. Right now, with the new capacity that we're bringing on, we're seeing mid-20s with regards to incremental margins, mid-20s operating profit margin.

So – and that's really powered by our brownfield expansion strategy which is allowing us to leverage our capacity growth, leverage essentially existing infrastructure, existing teams, existing customer relationships, and really be able to keep those fixed costs pretty low and ramp up pretty quickly. So, we're seeing nice accretion with those projects and we would expect that to continue throughout our – the 2029 framework to support overall expansion of margins.

**Garik Shmois**
*Analyst, D.A. Davidson & Co.*
Q

Okay. Great. The Ag business has been cyclically depressed. I guess, what indicators are you looking at to see signs of stabilization? And then, you've been focused on the aftermarket part of the business. What are the opportunities there in perhaps dampening some of the cyclicality across Ag?

**Renee L. Campbell**
*Treasurer & Senior Vice President-Capital Markets & Risk, Valmont Industries, Inc.*
A

Sure. So, we believe North America and, probably I'd say the Middle East as well, are kind of at or near the bottom of where we see the cycle. In North America, we have decades of history that kind of shows that we're sort of at this level of replacement. Brazil is a little different, we haven't – we don't have that history, and they have their own set of challenges tied to very high interest rates, like north of 12%, as well as just a very tight credit environment.

The indicators that we watch, certainly are crop prices – corn prices, soybean prices, corn probably more relevant to North America, soybean more relevant to the Brazil market. But that alone is not the sole data point that really drives or changes farmer sentiment, you have to really think about the input cost increases that the farmers are pressured with. Anecdotally, one of our local TV stations interviewed a farmer in Iowa who has a 10,000 acre operation, and he was saying that his diesel cost alone for this two-month, roughly, harvest season will be $150,000 more than it was a year ago. I mean, that's pretty meaningful.

So, we have seen crop prices tick up recently, but not enough to really overcome some of this very real inflation that growers are seeing. Now, that being said, we've heard also talk of drought. And I would say, drought in and of itself is not necessarily an indicator, it really kind of depends on where that takes place, what crops are being grown in those regions. And farmers still need to have sufficient income in order to feel good about making investments. So, we're watching all of those things very carefully.

Back to Brazil, again, we're watching what interest rates could do. It is an election year, that also kind of contributes to some hesitation on growers to make investments. Also importantly, this – the investment that the Brazilian government makes towards agriculture has also come down about 40% from where it was a year ago. So, again, it just is this persistent, challenging environment. So, we're watching all of those things.

For our business, any sort of uptick in farmer sentiment to the positive, we will probably see pretty much right away. Our dealers do not stock channel inventory. We configure pivots to go straight – to deliver straight to the field. Obviously, our dealers are an important part of the installation and the ongoing service.

Garik, you asked about aftermarket parts. So, all of all of this being said, when we talked about our 2029 framework, we did not assume a broad market recovery for Agriculture. So, anything along those lines would be upside. But in the meantime, we are focused on growing our aftermarket parts business, our technology business. Those are both margin accretive. It builds resiliency for our Ag business, but it also empowers our dealers to continue to also be profitable, even when unit volumes may not be coming back right away.

So, I don't know. We're hearing a little bit on the fringe that things might be getting a bit better. We haven't really seen that in our business yet. But we've managed through many of these cycles before, and we will manage through as we have been yet again.

**Garik Shmois**
*Analyst, D.A. Davidson & Co.*

Q

Sure. Something potentially to look out for and be encouraged by. Not to focus on another region or part of the market that's soft. The Middle East, just given the regional conflict there, I was just wondering if you could remind us how you're thinking about that through the 2029 cycle and also just how you're thinking about the long-term opportunity in that region?

**Renee L. Campbell**
*Treasurer & Senior Vice President-Capital Markets & Risk, Valmont Industries, Inc.*

A

Yeah. So, Middle East market, we have been in that market for many, many years, and we've seen geopolitical events that can certainly affect the demand environment there. The conflict there that's happening today has really put a pause on many of the – much of the project work, many of the projects that we normally would have seen at this time. We recognize that timing is outside of our control, but the long-term drivers for that region very much remain intact. So, we really just do see this as a timing issue and not a structural change.

You've got food security that's really driving a lot of national investment for countries that really want to find a way to help just feed their people and ensure that they have that. Water scarcity, there's not a lot of arable land that's available in these regions. So, water scarcity, lack of arable land, all of that points to, if they want to put ag land into production, they have to be able to do it at scale, and center pivot irrigation is really the only way you can do that at scale. So, we remain very optimistic and positive over the medium and long term. Right now, it's just a very tough environment.

But I think the other thing I would add is we've also become much more intentional about the types of projects that we do in that region. We need to ensure that there's good returns. We do work closely with the dealers and the growers to understand their needs. We've worked with customers and growers to take what used to maybe be a two-year, multi-year project and break it down into smaller tranches, because that just allows us to help manage the whole cost profile throughout the project, but it also helps the grower with just managing the overall installation and getting those machines up and running so that they can benefit from the yield enhancement that that brings.

So, the team's done a lot of work around that over the last few years, as well as just managing costs now in this current environment. But again, we remain positive on the long term for that market.

**Garik Shmois** Q
*Analyst, D.A. Davidson & Co.*

Great.

**Renee L. Campbell** A
*Treasurer & Senior Vice President-Capital Markets & Risk, Valmont Industries, Inc.*

Yes.

**Garik Shmois** Q
*Analyst, D.A. Davidson & Co.*

Wanted to ask just on capital allocation, just how you're thinking about – and you broke down in the slide presentation. But organic growth versus acquisitions versus repurchases, how did you decide that that blend of capital allocation was the right one, especially considering the capacity that you're looking to add and the – really, the organic growth opportunities that are out there?

**John L. Schwietz** A
*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

So, we take a balanced and disciplined approach to capital allocation, and everything we look at comes from the lens of a risk adjusted ROIC perspective. So, at the moment, as we talked about organic CapEx investments, especially supporting Utility and Coatings, have very strong return profiles at the moment, very short payback periods. And we're leaning into that as a big part of our framework, as you mentioned. Meanwhile, repurchases are part of our strategy as well for capital allocation. And we have a program in place for repurchases, so we lean in as shares are more attractive.

M&A, M&A is an important piece. It's not a big piece of this framework, but we're – certainly, we've got a funnel and we've – we're looking for a target set that are closely aligned from a strategic perspective that are within our core or in adjacencies where we have a clear and established right to win, but they have to meet our thresholds, EPS accretion and ROIC thresholds. But – so we're more balanced, we're disciplined, and we've got a lot of optionality.

**Garik Shmois** Q
*Analyst, D.A. Davidson & Co.*

Okay. Wanted to ask about the 2029 targets that you have. How would you characterize the upside potential? I think there was maybe some meat on the bone that was left. And certainly, you have visibility, you believe, beyond this 2029 for very attractive growth into the next decade. How do you assess that upside potential? And then also, what could go wrong? What would be the downside risk?

**John L. Schwietz** A
*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

Yes, so, we're committed to the $35 of EPS in 2029. And our assumptions are based in the current reality of the operating environment but there are upsides, as you said. So, notable upsides that we could see, the Utility market could accelerate more than what we planned in this framework. That's certainly a possibility that would give us a good deal of upside. Also, Ag, in this framework, we did not assume really any sort of material return of the market. And historically speaking, we would see that within the next few years. And so, if we see a mid-cycle return, there will be upside to that $35 EPS framework. And again, the strong balance sheet. So, we've got a lot of optionality, as I mentioned, in terms of share repurchases and strategic acquisitions. So, there are certainly some areas of opportunity there.

On, the risk side, short term, we've talked about inflation. So, I think we've covered that, that we've got short-term headwinds. Longer term, I'd say, same thing you'd hear from any industrial who works in a sort of multinational environment, is the operating environment is more dynamic. And to the degree that there is any major change or disruptive change in trade policy or some sort of geopolitical event, that could impact sort of our framework. But for the most part, we feel very strong about our market, about the underlying drivers in our market, and our ability to execute, so...

## Garik Shmois

*Analyst, D.A. Davidson & Co.*

Okay. Well, I guess, with that, we'll end there. Wanted to thank the Valmont team, John, Renee, Casey, and thank you all for your interest.

## Renee L. Campbell

*Treasurer & Senior Vice President-Capital Markets & Risk, Valmont Industries, Inc.*

Thanks so much, Garik.

## Casey Meyer

*Vice President-Treasury & Investor Relations, Valmont Industries, Inc.*

Thank you.

## Renee L. Campbell

*Treasurer & Senior Vice President-Capital Markets & Risk, Valmont Industries, Inc.*

Thanks, everybody.